

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6395**

**BILL NUMBER:** HB 1088

**NOTE PREPARED:** Dec 15, 2008

**BILL AMENDED:**

**SUBJECT:** Homeowners Associations.

**FIRST AUTHOR:** Rep. Hinkle

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** The bill applies the following to a homeowners association (association) established after June 30, 2009:

The bill requires an association to maintain a current roster of all members of the association (members). The bill requires an association to prepare an annual budget that must be approved by at least 40% of the members. The bill requires the board of directors of an association (board) to address an item of business if more than 50% of the members petition the board to address the item. The bill prohibits a board from entering into certain contracts without the approval of the members. The bill provides that the governing documents of an association must include grievance resolution procedures that provide for the final and binding arbitration of disputes.

The bill also provides that the governing documents of an association must allow the termination of the association if at least 90% of the members agree to the termination. The bill specifies that an unpaid regular annual assessment imposed by a homeowners association on a member is enforceable as a lien on real property owned by the member and all other unpaid assessments are not enforceable as a lien on real property owned by a member. The bill prohibits an association from suspending the voting rights of a member for nonpayment of annual assessments unless the assessments are delinquent for more than one year. The bill provides certain defenses to a member if the association brings a civil action against the member involving an act in furtherance of the member's right of petition or free speech.

The bill allows an association established before July 1, 2009, to elect to be governed by these provisions.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.